

SOUTH AFRICAN FURNITURE INITIATIVE

CHAIRMAN'S REPORT

To take a lead from the first year of operation of SAFI, we can report this year has been characterized by concretizing the tremendous gains and progress we have made since inception. To borrow from the building analogy coined by our previous Chairman, we have cemented the foundation of the institutionalization, corporatization and operationalization of SAFI. In this period, the board took a strategic decision to focus resources on realizing specific targeted activities linked to our four strategic pillars.

Vision 2020

We remain on course of our Vision 2020 with the following outcomes being key drivers:

- Employment creation
- Productivity improvement
- Transformation across the value chain
- Promotion of manufacturing capability and design

The collaborative efforts of the various partners in the SAFI formation will assist us in realizing our growth trajectory from both a turnover and employment point of view. Stakeholder engagement will receive further impetus as we strive to further reduce duplication and fragmentation which this industry was historically known for.

From a governance perspective, the Board has continued to manage the business with integrity and congruent to King IV principles. Compliance and sustainability is a work in progress for the Board as we seek to strengthen this strategic lever.

Against this backdrop, in this period of reporting and in order to mitigate our risk, the Board's oversight responsibility was enhanced with the formation of standing committees, such as Audit and Risk and the Human Resource and Remuneration Committees. The Board strives to ensure that the actions of the Directors are aligned to the Corporate Governance Code and the King Code of Good Practice.

One of the milestones that has received momentum is the position that SAFI is now regarded by Government as a legitimate, inclusive sovereign mouthpiece of the industry that needs to be engaged and involved in the discourse which affects and has an impact on the entire furniture landscape. It is our express intention to further leverage of this new standing of the organization on a range of levels.

In closing, we as a Board want to recommit ourselves to deliver significant/meaningful value to all our stakeholders, realize our objectives and ensure execution of our strategic business plan.

We wish to express our sincere gratitude to our fellow Board members, our executive and operational staff for their continued support, commitment, drive and diligence. We can assure you that having joined us in this journey as role players we will leave an indelible mark on this industry and carve out a legacy synonymous with growth, development, innovation, empowerment and the betterment of the lives of the people of South Africa.

I thank you

A stylized, handwritten signature in black ink, appearing to read 'Penwell Lunga', positioned above the printed name.

Penwell Lunga

Chairman

